THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN

THE WEATHER UNDERGROUND, INC.,
a Michigan corporation,

Plaintiff,

vs.

Case No. 2:09-CV-10756
Hon. Marianne O. Battani

NAVIGATION CATALYST SYSTEMS, INC.,
a Delaware corporation; BASIC FUSION, INC.,
a Delaware corporation; CONNEXUS CORP.,
a Delaware corporation; and FIRSTLOOK, INC.,
a Delaware corporation,

Defendants.

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NAVIGATION CATALYST SYSTEMS, INC.'S REPLY MEMORANDUM IN SUPPORT OF MOTION FOR LEAVE TO FILE A COUNTERCLAIM

REPLY MEMORANDUM

I. NCS HAS STANDING TO PURSUE A CANCELLATION COUNTERCLAIM.

Plaintiff's argument that NCS lacks standing to pursue a counterclaim for cancellation of the WEATHER STICKER mark can be easily disposed because it is based on the faulty premise that WEATHER STICKER is not at issue in this lawsuit. In fact, it *is* at issue because Plaintiff put it at issue. In Paragraph 29 of the Complaint, Plaintiff alleges it is the owner of all rights in the WEATHER STICKER mark. In Paragraph 37 of the Complaint, Plaintiff defines "Wunderground Marks" to include all of Plaintiff's marks, including WEATHER STICKER. Lastly, the allegations against NCS accuse NCS of infringing the Wunderground Marks which, again, includes WEATHER STICKER. *See, e.g.*, Paragraph 72 ("Defendants wrongfully profited from the unlawful use of the Wunderground Marks.").

Having been accused of infringing the WEATHER STICKER mark, NCS is now an interested party with standing to pursue cancellation, not a "mere intermeddler." *Gear, Inc. v. L.A. Gear California, Inc.*, 670 F. Supp. 508, 511 (S.D.N.Y. 1987) ("[I]n an infringement action by a holder of a registered mark, the defendant may counterclaim for cancellation.") *vacated on other grounds, citing Abercombie & Fitch Co. v. Hunting World, Inc*., 537 F.2d 4, 7, 13-14 (2d Cir. 1976) and 2 J.T. McCarthy, Trademarks and Unfair Competition § 30:32 (2d ed. 1984)[1]; *see also Guardian Life Ins. Co. of Am. v. Am. Guardian Life Assurance Co.*, 1995 WL 723186 *4 (E.D. Penn.) (collecting cases and concluding that a party may bring a cancellation action under

[1] More recent editions of McCarthy have noted that the requirement for standing has become more and more liberal with time. 3 McCarthy on Trademarks and Unfair Competition § 20:46 (4th Edition) ("As the requirements for standing to oppose have been liberalized, so also the criteria for standing to cancel have become less strict. Liberalization of standing requirements are exemplified in the decisions that permit official agencies of the United States Government to oppose and petition to cancel marks even though such agencies are not engaged in the sale of goods in a commercial sense.")

Section 1119 so long as the federally registered mark of the other party is at issue). Of course, this makes sense. Now that NCS must spend time, resources, and money in defending itself against allegations of infringement, it absolutely has an interest in the validity of the marks allegedly infringed. *Accord Procter & Gamble Corp. v. Johnson and Johnson, Inc., et al.*, 485 F. Supp. 1185, 1211-12 (1980) ("When PPC was forced to defend this action, it sustained damage and was put in fear of further damage sufficient to justify its plea for cancellation.")[2].

Moreover, even if NCS did not have standing by virtue of being a defendant in this infringement lawsuit, it would still have standing because the nature of its business is to acquire *generic* domain names. Indeed, NCS stated this in its first filing before this Court and has continued to state as such throughout this litigation. *See, e.g.*, Motion to Dismiss (Docket No. 15) at p. 4 ("NCS operates as a domain name holding company which acquires generic and descriptive domain names…"). If, for example, NCS wanted to acquire a domain name that it believed to be generic, such as http://www.weatherstickers.com[3], it should be able to do so without fear that an infringement lawsuit from Plaintiff for violation of the ACPA would follow.

II. THE MOTION WAS NOT BROUGHT FOR ANY IMPROPER PURPOSE.

Plaintiff's arguments as to why this Motion was brought in bad faith all rest on the premise that NCS lacks standing to pursue such a claim. Having disposed of the threshold standing argument, it necessarily follows that these other arguments also fail. Indeed, Plaintiff's

[2] In that case, PPC relied on the Second Circuit's decision in *Abercrombie* to argue that it had standing to pursue cancellation as a defensive measure simply by virtue of being a defendant, a position adopted seven years later in *Gear, supra*.

[3] Attached as Exhibit K to the Second Declaration of William A. Delgado is a print-out of the landing page of http://www.weatherstickers.com which shows that this domain name is, in fact, for sale.

accusations that Defendant is trying to "delay the resolution of the cybersquatting…matters" and that this claim has been asserted "at this late stage in discovery" are particularly meritless.

First, in its Motion, NCS painstakingly went through the chronology of events and discovery in an effort to explain why the counterclaim was not brought—in fact, could not have been brought—earlier. Nowhere in Plaintiff's opposition does Plaintiff dispute that chronology or argue that this Motion could have been brought earlier. Thus, even if this case was in the "last stage of discovery," leave to file would still be appropriate because the counterclaim could not have been brought earlier.

Second, it is simply untrue that this case is at a "late stage in discovery." Discovery was recently extended for ninety days, and Plaintiff has yet to take a single deposition.

Third, it cannot be said that this Motion has been brought in bad faith since this Motion merely affects whether NCS would be entitled to particular relief (i.e., cancellation). Otherwise, this case will be litigated in the exact same manner irrespective of whether this Motion is granted or denied. Consider this: it is true that Plaintiff has an incontestable registration for the mark WEATHER STICKER which provides Plaintiff with a presumption of validity. **But**, that presumption is rebuttable, and NCS can rebut that presumption by showing that WEATHER STICKER has become generic. *Amazing Spaces, Inc. v. Metro Mini Storage*, -- F.3d --, 2010 WL 2181386 (5th Cir. 2010) ("This presumption of validity may be rebutted by establishing that the mark is not inherently distinctive.") *citing Vision Ctr. v. Opticks, Inc.,* 596 F.2d 111, 119 (5th Cir. 1979) ("Although a statutory presumption of validity is accorded to marks registered under the Lanham Act, this presumption is rebuttable and may be overcome by establishing the generic or descriptive nature of the mark."). Thus, NCS can defeat Plaintiff's *prima facie* case for

infringement by demonstrating to a jury why the WEATHER STICKER mark is generic. As a result, that issue is going to be litigated in this lawsuit one way or the other. The only difference this Motion will make is that NCS will be entitled to particular relief (i.e., cancellation) at the end of trial should it convince a jury that WEATHER STICKER is, in fact, generic. Given the liberal standards for amendment, the complete absence of any legal prejudice to Plaintiff, and the timeliness of the request, there is absolutely no good reason and certainly no legal basis for denying NCS that opportunity for relief.

III. THE COUNTERCLAIM WOULD SURVIVE A MOTION TO DISMISS.

Ironically, in arguing that NCS's counterclaim would not survive a motion to dismiss, Plaintiff essentially proves why resolution of NCS's counterclaim requires a trial on the merits.

First, as Plaintiff admits, WEATHER STICKER would be subject to cancellation if NCS can show it is generic under § 1064. Opp. at 10. Section 1064 provides, in pertinent part, that "[t]he primary significance of the registered mark to the relevant public rather than purchase motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used." Inherent in that analysis are several questions which cannot be answered by a Court on a Motion to Dismiss but, rather, must be determined by a jury at the close of evidence: What is the primary significance of the registered mark? Who is the "relevant" public? What is the purchase motivation? Obviously, Plaintiff and NCS disagree as to how these questions should be answered and, as a result, they cannot be answered by a judge, without evidence, at the pleading stage.

Second, Plaintiff argues that the counterclaim would fail because WEATHER STICKER is a "suggestive" mark since understanding it requires an additional cognitive leap. Opp. at p.

11. But, again, the distinctiveness of a mark (i.e., whether it is "arbitrary," "suggestive," "generic", etc.) is an issue to be decided by a jury after hearing evidence. *Scientific Image Center Management, LLC v. Brandy*, 415 F. Supp. 2d 566, 569-70 (W.D. Pa. 2006) ("The characterization of a mark-that is, whether it is arbitrary, suggestive, descriptive, or generic-is a factual issue for the jury.") *citing Ford Motor Company v. Summit Motor Products, Inc*., 930 F.2d 277, 292 (3d Cir.1991). Indeed, were the Court to accept Plaintiff's paradigm, no cancellation lawsuit would ever proceed: the party seeking cancellation would argue that a mark was generic; the party opposing would argue that the mark was arbitrary or suggestive; and the Court would make a final determination on a 12(b)(6) Motion. That is clearly not the state of the law.

IV. CONCLUSION.

Defendant has brought a timely motion seeking leave to file a counterclaim in good faith. The exhibits to the proposed counterclaim speak for themselves. NCS has a valid argument that WEATHER STICKER has become a generic term for an Internet "sticker" that provides weather information. Should NCS prevail in convincing a jury that its argument is correct, it should be entitled to seek the corresponding relief: cancellation of the WEATHER STICKER mark.

RESPECTFULLY SUBMITTED this 4th day of June, 2010.

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CERTIFICATE OF SERVICE

I hereby certify that on June 4, 2010, I electronically filed the foregoing paper with the Court using the ECF system which will send notification of such filing to the following:

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